



Monthly Bulletin

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Deadlines Approaching for Capital Purchase, Temporary Liquidity Guarantee Programs

On October 14, 2008, the U.S. government announced a series of initiatives to strengthen market stability, improve the strength of financial institutions, and enhance market liquidity. The U.S. Department of the Treasury announced a voluntary Capital Purchase Program to encourage U.S. financial institutions to build capital to increase the flow of financing to U.S. businesses and consumers and to support the U.S. economy. Under the program, Treasury will purchase up to \$250 billion of senior preferred shares on standardized terms. The deadline for submitting applications to participate in the Capital Purchase Program is November 14, 2008.

The Federal Deposit Insurance Corporation (FDIC) Temporary Liquidity Guarantee Program will guarantee certain newly issued senior unsecured debt of banks and certain holding companies and will provide full coverage of non-interest bearing deposit transaction accounts regardless of dollar amount for a period of time. Participants will be charged a 75 basis point fee to protect their new debt issues, and a 10 basis point surcharge will be added to a participating institution's current insurance assessment in order to fully cover the non-interest bearing transaction accounts. Institutions that choose not to participate in deposit program must opt-out or be assessed their participation after the initial 30 day period is over.

On November 3, 2008 the FDIC announced that it has extended the opt-out deadline for participation in its Temporary Liquidity Guarantee to December 5, 2008. The original deadline was November 12.

The Department of Financial Institutions strongly encourages all eligible licensees to seriously consider using the Treasury Department's Capital Purchase Program. We at DFI recognize that each bank's circumstances are different and that accepting government capital through this program comes with some costs. However, we urge you to think carefully about possible future economic conditions when making a decision about your participation in this program. None of us knows what the future may hold, but it is certainly a good time to be cautious about your future capital condition. The Treasury program must be thought of as a one time offer.

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With respect to the Temporary Liquidity Guarantee Program, the guarantee of unsecured debt involves a cost that each bank must evaluate on its own. However, any bank that is interested in attracting and retaining business relationship accounts should strongly consider the benefits of having full coverage of non-interest bearing deposits. Community banks have had a difficult time competing with large institutions for these types of relationship-based accounts in recent years, and this program should improve the balance.

Governor Schwarzenegger Announces the Deputy Commissioner of Credit Unions

Governor Arnold Schwarzenegger announced on October 24, 2008 the appointment of RaAnn Wood as the Deputy Commissioner of Credit Unions at the Department of Financial Institutions. Since 2004, she has served as president and chief executive officer of the California Center Credit Union. Prior to that, Ms. Wood worked as the professional networks manager for the California Credit Union League from 1997 to 2004. From 1993 to 1997, she was a mortgage loan compliance officer for Provident Savings Bank and, from 1986 to 1993, Ms. Wood was the assistant vice president of training and compliance for Heritage Thrift and Loan. She is a member of the Rancho Cucamonga Chamber of Commerce and serves as vice president and small credit union advocate for the Mount Baldy Chapter of the California Credit Union League.

Highlights of 2008 State Chaptered Legislation

Attached is [2008 State Chaptered Legislation](#). This summary is a compendium of most but not all of the legislation that may have an impact on financial institutions. There is a brief description of each measure with a link to the chaptered version of that legislation.

We hope you find the “Highlights of 2008 State Chaptered Legislation” to be a productive tool. We encourage any suggestions you may have to improve its usefulness to you and your organization.

SAFE Act Requires Registration of Employees that Originate Mortgages

On July 30, 2008, the President signed into law the Housing and Economic Recovery Act of 2008 (the "Act"). Title V of the Act is the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("SAFE"). Among its other provisions, SAFE contains new requirements on licensees of the Department that originate residential mortgages.

Starting July 30, 2009, licensees that employ persons who are considered mortgage loan originators will be responsible for ensuring that those employees are registered with the National Mortgage Licensing System Registry (the "NMLSR"). The NMLSR is a state-sponsored licensing and registration system that is intended to provide a nationwide data base that will allow employers and consumer to research the background of loan originators with whom the employer or consumer is conducting business. To learn more about SAFE and the NMLSR, please [click here](#).

Details of the registry system and requirements affecting all participants in the program are still being finalized. As developments occur, the Department will provide updates to our licensees. If you have any question regarding this matter, please contact Marilyn Davis, Deputy Commissioner, Legislation, at 916-322-1571 or at mdavis@dfi.ca.gov.

NASCUS to Host Webinar on Form 990

State-chartered credit unions (SCUs) are required to file Form 990, Return of Organization Exempt From Income Tax. In an effort to enhance transparency and promote compliance, the Internal Revenue Service has completely redesigned Form 990 beginning with the 2008 filing year.

The National Association of State Credit Union Supervisors (NASCUS), in cooperation with state regulators has organized training for SCUs on completing the revised Form 990. On November 19, 2008, Kevin Fincher, Clifton Gunderson, LLP will help SCUs gain an understanding of the new Form 990 and its filing requirements.

The webinar will include discussion on compensation reporting, new management and governance disclosures and an update on additional reporting requirements. Even if your credit union still participates in a group filing, this information will be useful in understanding the new information your credit union will be required to disclose this year.

Registration is \$59 for NASCUS members, \$39 for small credit unions with assets under \$10 million and \$119 for nonmembers. [Click here to register](#).

Commercial Bank Activity

Acquisition of Control

CapGen Capital Group II LP and CapGen Capital Group II LLC, to acquire control of Pacific Western Bank

Filed: 9/26/08

Approved: 10/20/08

Purchase of Partial Business Unit

Ojai Community Bank, Ojai, to acquire certain branches of Pacific Capital Bank, N.A., Santa Barbara
Effected: 10/24/08

Change of Name

The Mechanics Bank, Richmond, to change its name to Mechanics Bank
Effected: 6/24/08

Industrial Bank Activity

Conversion to State Charter

CapitalSource Bank, Pasadena, to convert to state-chartered commercial bank

Filed: 10/29/08

Approved: 10/31/08

Premium Finance Company Activity

New Premium Finance Company

Integrity Premium Finance Corporation

8530 La Mesa Boulevard, La Mesa, San Diego County

Approved: 10/24/08

Acquisition of Control

NSK Enterprises to acquire control of Fulcrum Capital Strategies, Inc.

Filed: 10/20/08

Voluntary Surrender of License

Mid-America Premium Finance Company West

Effected: 10/2/08

Foreign (Other State) Bank Activity

New Facility

Nevada Commerce Bank

City of Folsom, County of Sacramento

Notified: 10/16/08

Credit Union Activity

Field of Membership

One credit union received approval to add one new field of membership during September 2008.

Merger

Embarcadero Federal Credit Union, San Francisco, to merge with and into 1st Pacific Credit Union, Vallejo

Approved: 10/10/08

M-N Employees Credit Union, San Jose, to merge with and into Star One Credit Union, Sunnyvale

Approved: 7/1/08

Effected: 10/16/08

Transmitter of Money Abroad Activity

Acquisition of Control

Thomas H. Lee Partners, L.P., to acquire control of MoneyGram Payment Systems, Inc.

Approved: 10/20/08

WILLIAM S. HARAF
Commissioner of Financial Institutions

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to Financial Code section 258



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